

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

SCEM-02 DRC-01 /201 W

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R 290717Z NOV 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 2460

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E.O. 11652: N/A

TAGS: PINT, NL

SUBJECT: GOVERNMENT'S THREAT TO RESIGN ENSURES

APPROVAL OF 1974 FINANCE PLAN

REF: THE HAGUE 5134

1. SUMMARY: IN SECOND CHAMBER DEBATE ON GOVERNMENT FINANCE PLAN NOVEMBER 27, FINANCE MINISTER DUISENBERG SAID CABINET WOULD RESIGN IF KVP AND ARP PERSISTED IN EFFORT TO AMEND GOVERNMENT PROPOSAL ON WEALTH/INCOME TAX INCREASE. AFTER HASTY CAUCUS CONFESSINALS BACKED DOWN. GOVERNMENT HAS BEEN SEVERELY CRITICIZED FOR PUTTING ITS LIFE ON LINE ON RELATIVELY MINOR FINANCIAL QUESTION. COOPERATION BETWEEN LEFT WING AND CONFESSINAL PARTIES IN COALITION HAS PROBABLY BEEN AFFECTED ADVERSELY. END SUMMARY.

2. DURING SECOND CHAMBER DEBATE ON GOVERNMENT'S PLAN TO FINANCE 1974 EXPENDITURES, FINANCE MINISTER DUISENBERG DECLARED CABINET WAS PREPARED RESIGN IF  
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CONFESSINAL PARTIES PERSISTED IN EFFORTS TO AMEND GOVERNMENT'S WEALTH/INCOME TAX PROPOSALS (DETAILS REFTEL).

DUISENBERG SAID GOVERNMENT WAS RELUCTANTLY WILLING TO ACCEPT CONFESSIONAL AMENDMENTS ON TAX ON RENTAL VALUE OF PRIVATELY-OWNED HOUSES. CONFESSIONAL PARTIES IMMEDIATELY ASKED FOR RECESS AND CAUCUSED. AFTER NEARLY HOUR, SESSION RESUMED. ARP AND KVP ANNOUNCED THEY WOULD WITHDRAW THEIR AMENDMENT ON GOVERNMENT'S WEALTH/INCOME TAX PROPOSALS. DS-70 SUBSEQUENTLY OFFERED SAME AMENDMENT. ALL BUT ONE MEMBER OF THE KVP VOTED AGAINST IT.

3. ARP FLOOR LEADER AANTJES, WHO WAS HIGHLY CRITICAL OF THE GOVERNMENT'S DECISION TO POSE THE "CABINET QUESTION," SAID IT WOULD TAKE MONTHS FOR THE CLIMATE OF COOPERATION BETWEEN CONFESSINALS AND LEFT WING TO BE RESTORED. KVP FLOOR LEADER ANDRIESSEN WAS MORE MODERATE BUT SAID GOVERNMENT BY EXERCISING GREAT POWER HAD LOST CONSIDERABLE AUTHORITY. ANDRIESSEN SAID IT WOULD HAVE BEEN IRRESPONSIBLE FOR KVP TO PRECIPITATE CABINET CRISIS ESPECIALLY IN VIEW OF PROBLEMS ATTENDANT ON OIL BOYCOTT. LABOR PARTY FLOOR LEADER VAN THIJN SAID GOVERNMENT WAS JUSTIFIED IN THREATENING TO RESIGN SINCE PLANS FOR INCREASE IN WEALTH/INCOME TAX WENT TO HEART OF ITS PROGRAM FOR SPREADING "WEALTH, WELFARE AND POWER". LIBERAL LEADER HANS WIEGEL SAID CONFESSINAL DECISION TO WITHDRAW MEASURE INDICATED HOW COMPLETELY CAPTIVE CONFESSINALS ARE OF LEFT WING IN COALITION.

4. COMMENT: KVP PARLIAMENTARY GROUP SECRETARY HAD TOLD EMBOFF NOV 26 FINANCE MINISTER DUISENBERG HAD MET WITH ARP AND KVP REPRESENTATIVES OVER WEEKEND IN EFFORT TO HAMMER OUT COMPROMISE. KVP WAS WILLING TO GO ALONG WITH WEALTH/INCOME TAX INCREASE AS LONG AS IT HAD ITS WAY ON TAX ON RENTAL VALUE OF PRIVATE HOUSING. KVP SOURCE SAID ANDRIESSEN TOLD PRIME MINISTER, WHO HAD CALLED HIM THROUGHOUT THE WEEKEND, THAT BEFORE KVP WOULD GIVE IN ON WEALTH/INCOME TAX PROPOSAL, HOWEVER, IT WANTED GOVERNMENT TO SAY CLEARLY THAT IT WOULD RESIGN IF WEALTH/IMCOME TAX PROPOSAL DEFEATED. WHILE BOTH ANDRIESSEN AND VAN THIJN, INTERVIEWED JOINTLY ON TELEVISION NOVEMBER 27, DENIED LIMITED OFFICIAL USE  
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THERE WAS ELEMENT OF CONTRIVED DRAMA ABOUT CRISIS, THEY SEEM TO HAVE BEEN SOMEWHAT DISINGENUOUS. THE KVP WANTED TO BE ABLE TO TELL ITS RANK AND FILE THAT ONLY THE THREAT OF GOVERNMENT RESIGNATION HAD COMPELLED IT TO GO BACK ON ITS ORIGINAL AMENDMENT PROPOSALS. FOR ITS PART THE LABOR PARTY WOULD BE ABLE TO TELL ITS RANK AND FILE (WHO WOULD BE CRITICAL OF DECISION TO YIELD TO THE CONFESSINALS ON THE RENTAL VALUE OF PRIVATE HOUSING PROPOSAL) THAT IT HAD PUT ITS LIFE ON THE LINE FOR A FAR MORE BASIC ITEM, I.E., WEALTH/IMCOME TAX

REVISION. THIS WAS THE FIRST TIME THE GOVERNMENT  
THREATENED TO RESIGN SINCE TAKING OFFICE IN MAY.  
IT IS QUESTIONABLE WHETHER THE GOVERNMENT'S TACTIC,  
(ESPECIALLY AT A TIME WHEN THERE IS NATIONAL UNCERTAINTY  
VERGING IN SOME QUARTERS ON PANIC ABOUT EFFECTS OF  
OIL BOYCOTT) WAS RESPONSIBLE. MOST CERTAINLY IT  
ADVERSELY AFFECTS THE SPIRIT OF COOPERATION WITHIN THE  
COALITION.

TANGUY

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973THEHA05208  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** THE HAGUE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t1973114/aaaaacoe.tel  
**Line Count:** 124  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** THE HAGUE 5134  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** garlanwa  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19-Sep-2001 by kelleyw0>; APPROVED <21-Nov-2001 by garlanwa>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOVERNMENT'S THREAT TO RESIGN ENSURES APPROVAL OF 1974 FINANCE PLAN  
**TAGS:** PINT, NL  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005